

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1590-01  
Bill No.: HB 630  
Subject: Military Affairs; Kansas City; Retirement - Local Government; Retirement Systems and Benefits - General  
Type: Original  
Date: February 27, 2015

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Bill Summary: This proposal modifies provisions relating to military leave provisions of the Police Retirement System of Kansas City and the Civilian Employees' Retirement System of the Police Department of Kansas City.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Joint Committee on Public Retirement** state that this legislation would not create a substantial proposed change in future plan benefits as defined in Section 105.660(10).

Officials from the **Police Retirement System of Kansas City and the Civilian Employees' Retirement System of the Police Department of Kansas City** state that military leave provisions under the federal Uniformed Services Employment and Reemployment Rights Act (USERRA) require the system to restore creditable service in the retirement systems, for time missed due to a military leave of absence, by paying their member contributions for such time to the retirement system. Members are not required to restore such service, instead they may choose to extend their career and work the amount of time they were on leave for military service.

As a result of involuntary military assignments following the events of September 11, 2001, legislation was submitted to the General Assembly allowing the Retirement Systems to grant a benefit to members of the military that went beyond the requirements of USERRA. That legislation, which became law in 2005, waived the required member contributions and granted creditable service to members returning from a military leave of absence. The original language included provisions that we anticipated would prevent granting creditable service for voluntary military assignments. Nine years later, voluntary military assignments are the norm rather than the exception. The two plans have waived a total of \$1.5 million in member and employer contributions for military leaves of absence for the 75 members serving in the military. Five of those members have been on military leave for more than five years. The Retirement Board recognizes the importance of military service by our members but in light of recent pension reforms, approved by the General Assembly and increases in member contribution rates, it is time to make changes to our military leave provisions.

The proposed legislation puts a process in place that more closely follows the requirements of USERRA but still provides a benefit to military members that is above and beyond the USERRA. Members returning from active duty military leave would be eligible to restore their leave time by paying the member contribution rate. For member's with orders under Title 10 or Title 32 U.S. Code and discharged from active duty with documentation in the form of a DD214 or NGB23, the member contributions could be waived for up to three years of military leave (current statutes allow for waiving contributions for up to five years). Should a member be on military leave for more than three years, but no more than five years, the member would be eligible, under USERRA, to restore creditable service by paying the amount of member contributions for the leave period.

ASSUMPTION (continued)

There would be no fiscal impact to the Police Retirement System of Kansas City or the Civilian Employees' Retirement System of the Police Department of Kansas City.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

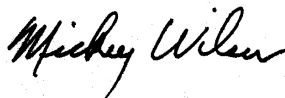
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Retirement  
Kansas City Police Retirement System



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